

Message Text

PAGE 01 STATE 249900

61

ORIGIN ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 AID-05 IGA-02 TRSE-00 DEAE-00

SNM-02 EB-07 COME-00 OMB-01 IO-13 EUR-12 ACDA-07 MC-02

SIL-01 LAB-04 /107 R

DRAFTED BY USUN:DSTRASSER;ARA/AND/P:ASCFULLER:MMS

APPROVED BY ARA/AND/P:ASCFULLER

ARA - HWSHLAUDEMAN (DRAFT)

ARA - WHLUERS (INFO)

----- 107065

O 072111Z OCT 76

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

AMEMBASSY SANTIAGO IMMEDIATE

C O N F I D E N T I A L STATE 249900

E.O. 11652: GDS

TAGS: PFOR, SNAR, MASS, EAID, PE, CI, EFIN

SUBJECT: MEETING WITH PERUVIAN FOREIGN MINISTER IN NY

SUMMARY AND INTRODUCTION -- THERE FOLLOWS MEMCON OF MEETING BY ASST. SEC. SHLAUDEMAN AND SECURITY ASSISTANCE CONSULTANT MAW WITH PERUVIAN FOREIGN MINISTER JOSE DE LA PUENTE OCTOBER 1 IN NEW YORK. DISCUSSION RANGED FROM THE RECENT MARCONA SETTLEMENT; THROUGH USG ASSISTANCE TO PERU, PARTICULARLY IN NARCOTICS FIELD; TO THE MILITARY SUPPLY RELATIONSHIP, INCLUDING PERUVIAN PURCHASE OF SOVIET FIGHTER-BOMBER.

1. MARCONA SETTLEMENT -- MR. MAW EXPRESSED PLEASURE THAT
CONFIDENTIAL

PAGE 02 STATE 249900

THE MARCONA SETTLEMENT WAS NOW BEHIND US. HE SAID THAT THE IMPLEMENTING ORE-SALES CONTRACT WAS AT THAT MOMENT BEING SIGNED IN PANAMA. THE DISPUTE WAS SETTLED IN A MUTUALLY SATISFACTORY MANNER. FOREIGN MINISTER DE LA PUENTE ALSO

EXPRESSED SATISFACTION AND CALLED THE MARCONA SETTLEMENT "A MODEL NEGOTIATION", WHICH HAD LAID THE BASIS FOR FURTHER RELATIONS BETWEEN OUR TWO COUNTRIES. HE SAID US NEGOTIATOR MAW WAS FIRM YET RESPECTFUL AND PRAISED HIS GREAT SKILLS IN THE NEGOTIATION.

2. US ASSISTANCE NOW AVAILABLE -- (A) MR. MAW SAID WITH THE MARCONA DISPUTE BEHIND US, THE US GOVERNMENT CAN NOW TURN TO EFFORTS TO HELP PERU. MR. SHLAUDEMANN SAID WE ARE NOW AT A POINT WHERE WE CAN INTENSIFY RELATIONS BETWEEN OUR TWO COUNTRIES. THE US UNDERSTANDS THE DIFFICULT PERIOD THROUGH WHICH PERU IS GOING.

(B) MR. MAW TOLD THE FOREIGN MINISTER THAT SETTLEMENT OF THE DISPUTE HAD ENABLED US TO MEET THE SEPTEMBER 30 DEADLINE TO PROVIDE FMS CREDITS TO PERU. MR. SHLAUDEMANN SAID THAT WE WOULD SOON CONSIDER SUBSTANTIAL CCC CREDITS FOR PERU AND THAT TWO AID LOANS WILL ALSO NOW GO FORWARD.

3. NARCOTICS AID -- (A) THE ASSISTANT SECRETARY ALSO ANNOUNCED OUR INTENTION TO HELP PROVIDE ASSISTANCE TO PERU'S NARCOTICS EFFORT. WE CONSIDER THEIR EFFORTS IN THIS AREA A POSITIVE DEVELOPMENT.

(B) THE FOREIGN MINISTER EXPRESSED DISMAY AT THE REACH OF ILLEGAL NARCOTICS NETWORKS AS FAR AS 800 MILES INTO PERU FROM COLOMBIA. MR. SHLAUDEMANN SAID THIS IS A COMPLICATED PROBLEM, INVOLVING THE ECONOMICS OF CERTAIN AREAS; THE CROP SUBSTITUTION PROGRAM FOR PRODUCERS OF COCA IS AN IMPORTANT MEASURE.

(C) MR. SHLAUDEMANN EXPRESSED INTEREST IN US-PERUVIAN COOPERATION. THE USG IS PREPARED TO FINANCE A STUDY TO DEFINE THE DRUG PROBLEM IN PERU AND HOW TO DEAL WITH IT. US EXPERTS WILL BE GOING TO PERU FOR PRELIMINARY TALKS (STATE 239313).

CONFIDENTIAL

PAGE 03 STATE 249900

(D) THE FOREIGN MINISTER ASKED THE APPROPRIATE CONTACT POINT FOR COOPERATION IN THIS MATTER AND WAS TOLD HIS GOVERNMENT SHOULD DEAL WITH OUR EMBASSY IN LIMA. DE LA PUENTE ASKED WHO THE PERUVIAN COUNTERPARTS IN THIS EFFORT SHOULD BE. IT WAS AGREED THAT THE PERUVIAN MINISTRIES OF AGRICULTURE AND HEALTH WERE IMPORTANT, BUT THAT THE CO-ORDINATING ROLE FOR THE EFFORT SHOULD BE THE MINISTRY OF INTERIOR, AS THIS WAS NOT ONLY AN ECONOMIC BUT ALSO AN ENFORCEMENT PROBLEM.

(E) THE FOREIGN MINISTER ASKED IF THE POSSIBILITY OF INTERNATIONAL COOPERATION IN DRUG ENFORCEMENT HAS BEEN EXAMINED. MR. SHLAUDEMANN EXPRESSED THE BELIEF THAT THERE

MUST BE AN EFFORT OF INTERNATIONAL ORGANIZATIONS IN THIS AREA. THE US SUPPORTS THE IDEA OF REGIONAL COOPERATION IN DRUG ENFORCEMENT.

(F) DE LA PUENTE PLEDGED TO SPEAK TO SENIOR COLLEAGUES IN THE PERUVIAN GOVERNMENT ABOUT THIS MATTER ON HIS RETURN TO LIMA.

(G) MR. MAW SUGGESTED THE DESIRABILITY OF ASSISTANT SECRETARY SHLAUDEMAN GOING TO LIMA IN THE NEAR FUTURE TO DISCUSS THIS MATTER. MR. SHLAUDEMAN SAID HE WOULD BE PLEASED TO GO TO LIMA. THE FOREIGN MINISTER EXPRESSED INTEREST. HE IS CONCERNED THAT NOT ONLY IN THE LARGE BUT ALSO THE SMALL TOWNS OF PERU THE YOUTH ARE BEING ATTRACTED TO COCAINE, AND THE USE OF SEMI-PROCESSED COCAINE IS COMMON AMONG PERUVIAN YOUTHS.

4. MILITARY RELATIONSHIPS -- (A) ASSISTANT SECRETARY SHLAUDEMAN EXPRESSED INTEREST IN EXAMINING THE STATE OF US-PERUVIAN MILITARY RELATIONS WHICH HE CHARACTERIZED AS HAVING BEEN TORTURED AND DIFFICULT.

(B) SAYING THAT WE HAD RECEIVED GOP REQUESTS FOR OFFERS TO PROVIDE AIRCRAFT, MR. SHLAUDEMAN SAID THAT WE ALSO HAVE REPORTS OF PERU'S INTENTION TO BUY SOVIET BOMBERS. HE SAID IT WAS DIFFICULT TO BE COMPETITIVE WITH SOVIET OFFERS.

(C) THE FOREIGN MINISTER ADMITTED IT IS HARD TO BEAT THE RUSSIANS. HE SAID HE HAD SPOKEN THE NIGHT BEFORE WITH THE CONFIDENTIAL

PAGE 04 STATE 249900

CHILEAN FOREIGN MINISTER CARVAJAL, WHO SAID THAT WHEN HE WAS CHIEF OF STAFF OF THE CHILEAN ARMED FORCES UNDER ALLENDE, HE HAD DEALT WITH THE RUSSIANS. THE SOVIET MILITARY ATTACHE AT THAT TIME REFUSED TO DISCUSS THE PRICE TAG OF THE ITEMS IN QUESTION OR SUCH THINGS AS TIME OF DELIVERY AND SPARE PARTS ARRANGEMENTS. HE JUST INSISTED ON YES OR NO ANSWERS CONCERNING SOVIET PURCHASES.

(D) THE FOREIGN MINISTER SAID, HOWEVER, THAT THE PROBLEM OF AIRCRAFT PURCHASES GOES BACK OVER THREE YEARS. EXPRESSING HIS DESIRE TO BE FRANK, HE SAID THAT WORD HAD GONE OUT TO AMERICAN, FRENCH AND BRITISH, AS WELL AS THE RUSSIANS, THAT PERU WOULD LIKE TO REPLACE ITS AIRCRAFT. THE US SHOWED LITTLE INTEREST IN THE REQUEST. FRENCH AND BRITISH OFFERS WERE TOO EXPENSIVE. THE RUSSIAN OFFER, HOWEVER, WAS EXTREMELY ATTRACTIVE.

(E) MR. SHLAUDEMAN SAID THE US IS PREPARED TO MAKE AVAILABLE PRICE AND AVAILABILITY DATA ON THE A-4 SKYHAWK. WE CANNOT OUTBID THE SOVIETS, HOWEVER. ALSO, THE FMS CREDITS BEING MADE AVAILABLE ARE NOT SUFFICIENT TO COVER AIRCRAFT PURCHASES. SPEAKING CANDIDLY, HE SAID THE USG IS NOT

REFUSING TO PROVIDE AIRCRAFT, AND IT IS NOT OUR POSITION ON PRINCIPLE TO REFUSE AIRCRAFT TO PERU.

(F) DE LA PUENTE SAID PERU'S INTENTION WAS MERELY TO REPLACE OBSOLETE AIRCRAFT SO THAT PERU WILL HAVE A RELATIVELY RESPECTABLE AIR CAPABILITY OVER A PERIOD OF TIME.

(G) MR. MAW SAID THAT IN RECENT DISCUSSIONS IN WASHINGTON, A SUGGESTION HAD BEEN MADE TO SEND TO PERU A GROUP OF TOP PEOPLE TO EXAMINE QUESTIONS OF AVAILABILITY, PRICE AND NEED OF SUCH PURCHASES. HE SUGGESTED AMONG THIS GROUP THAT GENERAL JOHN WAGGENER BE INCLUDED. THE FOREIGN MINISTER SAID THIS WAS EXCELLENT. HE THOUGHT PRIME MINISTER MORALES BERMUDEZ WOULD LOVE TO HAVE GENERAL WAGGENER AND IN FACT HE KNEW THAT WAGGENER HAD ALREADY SPOKEN TO THE PRIME MINISTER ABOUT THIS IDEA. IT WAS ALSO SUGGESTED THAT GENERAL CAVAZOS OF DOD/ISA BE PART OF THE MISSION.

(H) MR. SHLAUDEMAN SAID THAT THE SOVIET SU-22 INTRODUCES A CONFIDENTIAL

PAGE 05 STATE 249900

NEW MILITARY DIMENSION INTO THE REGION. IT OFFERS AN OFFENSIVE CAPABILITY AND IS MORE SOPHISTICATED AND POWERFUL THAN AIRCRAFT HELD BY PERU'S NEIGHBORS. HE SAID HE WAS PLEASED DE LA PUENTE IS TALKING TO CHILEAN FOREIGN MINISTER CARVAJAL AND SAID THAT HE HAD SUGGESTED TO THE CHILEANS THAT THEY TALK TO THE PERUVIANS AND NOT ONLY TO THE US ABOUT THESE MATTERS.

(I) MR. SHLAUDEMAN SAID THAT HE HOPED THE MILITARY STUDY MISSION WOULD BE COMPLETED BEFORE HE WENT TO PERU.

(J) THE FOREIGN MINISTER SAID HE WILL DISCUSS THESE PROPOSALS WITH PRIME MINISTER MORALES BERMUDEZ AND HE WAS SURE HE WOULD BE DELIGHTED WITH THEM. HE EXPRESSED THE DIFFICULTIES INHERENT IN AN AMERICAN OFFER TO REPLACE THAT OF THE SOVIETS'. THOUGH SYMPATHETIC PERSONALLY TO IT, HE SAID IT WOULD BE DIFFICULT TO CONVINCE THE MILITARY TO ACCEPT INFERIOR AIRCRAFT AT LESS ATTRACTIVE COSTS. IT WILL BE ESPECIALLY DIFFICULT AMONG THE YOUNGER OFFICERS. THE FOREIGN MINISTER SAID IT WOULD NOT BE EASY TO UNDO WHAT HAD ALREADY BEEN DONE AND ADMITTED THAT THE SOVIET OFFER HAD "PLACED THEM IN A MESS". HE FELT THE SOVIETS HAD BEEN CLEVER IN OFFERING PERU VERY SOPHISTICATED AIRCRAFT (NOT OF THE TYPE DESIRED OR REQUESTED) AT BARGAIN-BASEMENT PRICES. IT WOULD NOW BE DIFFICULT FOR PERU TO GO BACK ON SUCH AN OFFER. MINISTER DE LA PUENTE EXPRESSED CONCERN THAT THE PURCHASE OF SOPHISTICATED, OFFENSIVE AIRCRAFT IS INCONSISTENT WITH PERU'S POSTURE ON THE DIMINISHING OF TENSIONS AND ON ARMS REDUCTION IN LATIN AMERICA.

(K) MR. SHLAUDEMAN SAID THAT THERE HAS BEEN PERUVIAN INTEREST IN THE US F-5 INTERCEPTOR, WHICH IS NOT AN OFFENSIVE BUT A DEFENSIVE AIRCRAFT. THE FOREIGN MINISTER SAID THAT THE US HAD AN UPPER HAND IN ONE AREA, THAT OF SPARE PARTS. THE FOREIGN MINISTER ASKED THE AMERICANS TO KEEP CLOSE TOUCH IN WASHINGTON WITH HIS AMBASSADOR. HE DID NOT MEAN THAT WORKING-LEVEL CONTACT WITH THE PERUVIAN AIR ATTACHE SHOULD CEASE BUT THOUGHT THAT THE AMBASSADOR HAD "AN OVERALL APPROACH" TO THE PROBLEM.

CONFIDENTIAL

PAGE 06 STATE 249900

(L) THE FOREIGN MINISTER SAID HE WOULD RAISE THIS MATTER WITHIN THE CABINET. (HE SAID HE MEETS ONCE A WEEK WITH THE PRIME MINISTER ALONG WITH THE THREE OTHER MEMBERS OF THE JUNTA.)

5. ECONOMIC RELATIONS -- (A) MR. SHLAUDEMAN EXPRESSED AN INTEREST IN FURTHER EXCHANGE IN AREAS SUCH AS TRADE AND COOPERATION FOR DEVELOPMENT. IN RESPONSE, THE FOREIGN MINISTER STATED HIS BELIEF IN THE VALUE OF PRIVATE FOREIGN INVESTMENT -- MEANING AMERICAN INVESTMENT -- IN THE PROCESS OF PERU'S DEVELOPMENT. DEVELOPMENT MEANS AN INCREASE IN PRODUCTIVITY. IT IS IMPORTANT TO EXPAND EMPLOYMENT WHICH ALSO HAS THE POLITICAL EFFECT OF ABSORBING POLITICAL DEMANDS OF THE LABOR SECTOR WHICH HAD PREVIOUSLY GOTTEN OUT OF HAND. HE BELIEVES PERU HAS GOTTEN BEYOND THE PHASE WHERE THERE ARE "GOOD AND BAD" PERUVIANS, I.E., WORKERS AND MANAGERS. PERU NEEDS FOREIGN COMPANIES AND RECOGNIZES THEY OPERATE TO MAKE A PROFIT. THEIR OBJECTIVES CAN BE HARMONIZED WITH NATIONAL INTERESTS.

(B) MINISTER DE LA PUENTE SAID THE PERUVIAN SYSTEM OF MINIDEVALUATIONS IS PROVING SUCCESSFUL. THE DEVALUATIONS ARE SCIENTIFICALLY COMPUTED, AND DO NOT PROVIDE GREAT UNKNOWN TO FOREIGN BUSINESS. THE MYTH HAS BEEN BROKEN THAT DEVALUATION OF CURRENCY REPRESENTS AN ADMISSION OF ECONOMIC FAILURE ON THE PART OF A COUNTRY.

(C) LOS MATTERS WERE TOUCHED ON BRIEFLY, AND IT WAS HOPED THAT THERE MIGHT BE DISCUSSIONS ON THIS MATTER IN THE FUTURE.

ROBINSON

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE, DRUG CONTROL, FOREIGN INVESTMENT, MINING INDUSTRY, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE249900
Document Source: ADS
Document Unique ID: 00
Drafter: USUN:DSTRASSER;ARA/AND/P:ASCFULLER:MMS
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760379-0300
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197610103/baaaeqjk.tel
Line Count: 265
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by ElyME>; APPROVED <14 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING WITH PERUVIAN FOREIGN MINISTER IN NY
TAGS: PFOR, SNAR, MASS, EAID, EFIN, PE, CI, US, MARCONA
To: LIMA
SANTIAGO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006